

**BETHLEHEM AUTHORITY
BETHLEHEM, PA**

MINUTES OF REGULAR MEETING

MAY 11, 2006

The regular meeting of the Board of Directors of the Bethlehem Authority was held on May 11, 2006, in Room 504, City Administration Building, 10 E. Church Street, Bethlehem, PA. The meeting was called to order at 3:07 PM by Chairman Richard Master, with the following in attendance:

BETHLEHEM AUTHORITY

James L. Broughal, Solicitor
David T. DiGiacinto, Vice Chairman
Mark P. Jobes, Assistant Secretary/Treasurer (Late Arrival)
Richard L. Master, Chairman
Daniel L. Meixell, Special Police Officer
Sandra L. Reppert, Administrative Assistant
John J. Tallarico, Jr., Secretary

CITY OF BETHLEHEM

Michael Alkhal, Director of Public Works
Jean Belinski, Councilwoman
David Brong, Director of Water and Sewer Resources
Gordon Mowrer, Councilman
Magdalena Szabo, Councilwoman

THE BETHLEHEM PRESS

Greg Rogers

THE EXPRESS TIMES

Kurt Bresswein

THE MORNING CALL

Nicole Radzievich

On a motion by Mr. DiGiacinto and seconded by Mr. Tallarico, the minutes from the March 9, 2006 and April 13, 2006, meetings were approved unanimously by voice vote.

COURTESY OF THE FLOOR AND RECOGNITION OF VISITORS

Mr. Master recognized City Council representatives Gordon Mowrer, Magdalena Szabo, and Jean Belinski; Mr. Dana Grubb, Bethlehem resident; Mr. Bruce Stetler, Lehigh Mountain resident; Dr. David McGuire, representing the Lehigh Valley Sierra Club; Mr. Bud Cook of The Nature Conservancy; Mr. Stephen Antalics, Bethlehem resident.

Councilman Mowrer asked if a small portion of the Salisbury Township land being sold to Lehigh County could be leased back to the City for recreation purposes (this land is not physically located in the City of Bethlehem). Mr. Broughal indicated the agreed purchase price per acre did not include any lease-back clause. To add such a clause now would mean renegotiating the entire agreement. The City could choose to have discussions with Lehigh County after the sale is transacted. Mr. Grubb commented a large portion of Monacacy Park (a City recreational facility) is located outside, but contiguous with, the City's municipal boundaries. He also explained the City could look into the Trexler Foundation Fund for money to expand recreational facilities in the future.

Councilwoman Szabo commented that the Tunkhannock Creek Exceptional Value (EV) designation issue should be discussed in a public forum. City Council has received many letters from concerned citizens who would like to be more informed. Mr. DiGiacinto explained that the June Board meeting will address this issue and take place in the large meeting room of the Bethlehem Public Library. There will be a special invitation to all concerned parties (representatives from Clean Water Action, Monroe County, Tunkhannock Township, Authority Forester, Authority Engineer, and the DEP). The meeting will be advertised in both papers.

The DEP has indicated to the Authority there is no rush to make a decision on the stream's EV designation. This matter was initially brought to the State's attention by a petition. Comparisons and studies to be done by a task force are planned to start in early 2007. The Authority should be well informed and prepared to respond once the study is published.

Mr. Stetler was interested in updates on the land sale to Lehigh County.

Dr. McGuire inquired if there was a legal opinion rendered relative to the classification of the Tunkhannock Creek. This is an agenda item and was tabled until that portion of the meeting. (No legal opinion rendered/not enough information.)

Mr. Bud Cook suggested that his colleague, Ms. Ellen Lott, will conduct a personal tour for any Authority or City Council member the weekend of May 19-20, to view the blooming rhodora (wild azalea) on the Tunkhannock Plateau. He distributed her business card and suggested any interested party should contact her. Mr. Cook will also provide the Authority with pictures of the rhodora.

REPORT OF THE CHAIRMAN

Nothing to report.

REPORT OF THE VICE-CHAIRMAN

Nothing to report.

REPORT OF THE CONTROLLER

Mr. McDonald's report for the month ended April 30, 2006, as filed in the Board book, was accepted without comment.

Due to Mr. McDonald's absence, the Authority's audited financial statement for the year 2005 was not available for Board review. The Chairman directed Ms. Reppert to furnish the Authority's financial statement to the City as soon as possible so their audit could be completed.

REPORT OF THE SOLICITOR

Mr. Broughal reported on the following Old and New Business items:

Fencing Contract. The Fencing Contract with Forest Regeneration Services and down payment was authorized and executed on April 20, 2006.

Herbicide Spraying Contract. The Addendum to the (original 2005) Herbicide Spraying Contract with Forest Regeneration Services and down payment was authorized and executed on April 20, 2006.

Forestry Consultant's Contract. Under the original agreement with Mr. Oaks, his fee was set at \$75.00 per hour for all work performed. However, Mr. Oaks has indicated he requires \$125.00 per hour if he is called upon for expert testimony in litigation matters. Mr. Broughal stated there is no problem with this revision.

On a motion by Mr. DiGiacinto, seconded by Mr. Tallarico, and approved unanimously by voice vote, the Chairman and Secretary were authorized to sign the Forestry Consultant's Contract, as revised.

Agreement of Sale with Lehigh County for Salisbury Township Land. The Agreement of Sale between the Authority and Lehigh County for the Salisbury Township land was authorized and executed by both parties on May 4, 2006. The agreement is subject to the approval of Bethlehem City Council and the Lehigh County Commissioners. The County has received a map from the City detailing the current reservoir area and additional land required for buffer a zone. Mr. Broughal indicated the net effect is ~123.3 acres (originally 141 +/- acres of land less reservoir and buffer zone), subject to a survey. It is anticipated the sale will be finalized as soon as possible, but not later than December 31, 2006.

Councilman Mowrer asked if it was certain there is nothing the City would want on the land that is being sold (referring to remnants of the old park). Mr. Broughal indicated that particular area is in the buffer zone to be kept by the City.

Review of Real Estate Listing Agreement for Mt. Pocahontas Property. Mr. Broughal reviewed the Real Estate Listing Agreement proposed by Mr. Mark Hilton (Coldwell Banker Phyllis Rubin Real Estate) for this property. He suggests removing Paragraph 7e, which provides for a fee to the broker if a buyer signs the agreement of sale, and then does not buy the property. The Board has asked Mr. Broughal to communicate this change to the broker. If acceptable, the agreement will be signed at the June meeting.

(For clarification, Mr. Master explained this property is ~14 acres of land outside the watershed area of the Penn Forest dam and serves no useful purpose. It is adjacent to a housing development where there have been numerous encroachment issues.)

REPORT OF THE CONSULTING ENGINEER

Schoor DePalma's report, as filed in the Board book, was accepted without comment.

The charges invoiced to the Bethlehem Authority on the Rentricity project are still under investigation. Mr. DiGiacinto had discussions with Rentricity, who indicated Schoor DePalma didn't expend a lot of time on this and that most of the work was early stage investigative work performed by Rentricity. This project was not authorized by the City or Authority. Mr. Brong will discuss with Schoor DePalma what the City's and Authority's position is in this matter.

Mr. DiGiacinto brought up the \$1,100.00 invoice from Schoor DePalma, of which \$487.50 of the charges is for the certification of water revenues/financial solvency of the water system as related to the potential bond refinancing. Schoor DePalma did not finalize the work. (They also stated in a separate conversation with Mr. DiGiacinto that they were not comfortable making such a recommendation.)

There will be a meeting scheduled with Schoor DePalma in the next month to discuss their role as Consulting Engineer and specific billing matters and practices.

REPORT OF THE BETHLEHEM AUTHORITY SPECIAL POLICE

Officer Meixell's report, as filed in the Board book, was accepted without comment.

Officer Meixell reported on the ATV issue. He did secure three bids – Dettmer's \$5,404.00; Blocker Enterprises \$6,948.50; Pen Argyl Cycle \$6,586.32. The ATV was purchased from Dettmer's. Officer Meixell has already made some arrests while patrolling (by ATV) the remote areas of the watershed.

WATER REPORT

The Water Report, as filed in the Board book, was accepted without comment. The reservoirs are at 100% capacity, and there is ~16MGD of water being treated at the filtration plant.

REPORT OF DIRECTOR OF WATER AND SEWER RESOURCES, CITY OF BETHLEHEM

At April 30, 2006, the balance in the water fund is over ~\$3.2 million (and is ahead of plan by ~\$400,000.00).

The first filter replaced at the water treatment plant is back in operation. It is expected the filter will be able to run 55 hours before backwashing, compared to the less-than 24 hour run time prior to replacement. The second filter replacement will begin the week of May 15th.

APPROVAL OF BILLS

Mr. Master presented Resolution 265, Approval of Bills, to the Board for consideration and approval.

Mr. DiGiacinto asked what the May 15th debt service payment amounted to. The payment was reported to be ~\$1.67 million.

As previously discussed, the Schoor DePalma invoice for \$1,100.00 will be adjusted by \$487.50. The resolution will reflect total appropriate charges of \$612.50 for this invoice.

The capital expense invoice from the City includes ~\$316,000.00 for the filter replacement work at the water treatment plant. The total cost for this work in 2006 is expected to be ~\$1.1 million.

On a motion by Mr. Tallarico , seconded by Mr. DiGiacinto, Resolution 265 was approved unanimously by voice vote.

NEW BUSINESS

Discussion of Receivables With Regard to Bethlehem Authority Land Sales. According to Mr. Broughal, this matter came up due to the anticipated land sale to Lehigh County. The Authority's Bond Counsel, Mr. Peter Carlucci, rendered an opinion that clearly indicates where the proceeds must go and what they are to be used for, as follows:

Proceeds derived from the sale of the real estate are to be used to replace the real estate or are to be deposited into the Revenue Fund. Monies, including proceeds from the sale of the property, on deposit in the Revenue Fund are applied, in the order of priority, as follows:

- 1. Semi-annual transfers to the Debt Service Fund to pay debt service on the outstanding Water Revenue Bonds;*
- 2. Replenish the Debt Service Reserve Fund, if necessary, in monthly installments;*
- 3. Replenish the Maintenance Reserve Fund, if necessary, in semi-annual transfers;*
- 4. Transfer the remaining balance to the Bond Redemption and Improvement Fund on or before May 14 and November 14 of each year.*

Forest Products Sales Contract. Mr. Broughal reported that he and Mr. Don Oaks worked up the Forest Products Sales Contract so that it is in place when the Authority begins timbering in the watershed. It is anticipated the first timber harvest will be taking place in mid to late May.

Use of City's Website For Posting Bethlehem Authority Information. Ms. Reppert met with the City's website manager regarding posting the Authority's minutes and agenda on the website. He indicated the Authority would be added to the "Departments" list. It was suggested to write a brief description about the Authority and also provide contact information. Per the City's business administrator, there will be no cost to the Authority for this service.

Expense Budget Analysis. Tabled until June meeting.

OLD BUSINESS

CD Renewal Update. The Authority had an investment that matured on May 2nd. The winning bid was awarded to Sovereign Bank at a rate of 5.36% for nine months.

Clean Water Action Update and Plan for June Meeting. The planning for this meeting has been put into place, as reported during Courtesy of the Floor. Copies of information provided by Clean Water Action was made available to all attendees at the meeting.

Mr. Broughal reported the biggest concern is the impact a change in stream classification will have on the Authority's rights as a landowner. He could provide no legal opinion can be formulated until all the issues are clarified, especially (1) the impact on our ability to draw water from the Tunkhannock Creek should it be reclassified, and (2) having to obtain a National Pollution Discharge and Elimination Permit (NPDES) because of timbering. If the stream is reclassified as EV, then we will be required to obtain an (individual) NPDES permit, which is time consuming and costly. Mr. Broughal will provide some information on these topics and circulate it prior to the June meeting.

Mr. Tallarico asked Mr. Alkhal to add the watershed area to the upcoming RFP for cellular towers sites (within the City). Mr. Alkhal will include that area in the RFP.

COURTESY OF THE FLOOR.

Mr. Antalics commented that he previously researched Schoor DePalma (literature and website) and their expertise is in sewage and water treatment, not water filtration or dam engineering.

On a motion by Mr. DiGiacinto, seconded by Mr. Jobes, and approved unanimously by voice vote, the Board entered into an Executive Session at 4:15 PM to discuss the employment matter for the Executive Director position.

ADJOURNMENT

On a motion by Mr. Keyock, seconded by Mr. DiGiacinto, and approved unanimously by voice vote, the regular meeting was adjourned at 5:07 PM.

John J. Tallarico, Jr., Secretary